

Kentucky Agricultural Finance Corporation

Minutes of the May Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, May 11, 2007 at 10:00am EDT at the Transportation Conference Center in Frankfort, Kentucky. Mark Farrow, presiding, called the meeting to order. Mr. Farrow then asked Nicole Ray, Secretary, to call the roll.

Members Present

Commissioner Farmer (Mark Farrow, designee), Bob Gaslin, Larry Jagers, Doug Lawson, Billy Joe Miles, James Reams, Frank Penn, Bob Proffitt, Annette Crawford Walters

Members Absent

Secretary Farris, Wayne Hunt, Charles Miller

Others Present

Staff – Tim Hughes, Bill McCloskey, Nicole Ray, Keith L. Rogers

Guests – Michael Duckworth and Sara Hughes, Citizens Commerce National Bank; David, Debbie, Ryan and Michael Ross; Darryl and Peggy Flowers, Rineyville Feed and Supply, LLC

Notification of Press

Keith Rogers stated that the media had been notified.

Review and approval of Minutes of April 13, 2007

A motion to approve the January minutes was made by Mr. Jagers, seconded by Mr. Proffitt. The motion passed without dissent.

Executive Director's Report

Mr. Rogers notified the Board that the Master Settlement Agreement payment to Kentucky was \$107 million instead of the budgeted \$88.8 million. The Agricultural Development Fund received \$9.1 million more than was expected for this payment. Mr. Rogers stated that the request for another \$3 million for KAFC loan programs will be voted on at the Agricultural Development Board (ADB) meeting next Friday. Mr. Rogers handed out a questionnaire for the Task Force members of the Ag Council. He asked the Board to submit the questionnaires at the next KAFC Board meeting. The next Board meeting will be held on Friday, June 1 in Frankfort. The July meeting will be held in conjunction with the ADB in Florence on July 19 and 20. The Board members will tour Katelyn's Honey in Burlington and Burton's Livestock in Mason County.

Marketing and Business Development Coordinator's Report

Mr. Hughes brought the attention of the Board to the Financial Status Report in their update folders.

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF07-0018 Monroe, Chad and Cheri – Application is incomplete.

AF07-0022 John's Custom Meats, LLC – Mr. Hughes updated the Board on discussions between staff, the lender, and the applicant. **Mr. Miles moved to deny approval of the AILP application, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0034 Atherton, Duane – Application is incomplete.

AF07-0035 KAD Farms – Application is incomplete.

AF07-0036 Murray, Allan – Application is incomplete.

AF07-0037 Grider, Ed – Application is incomplete.

AF07-0038 Bell, Benjamin Dwain and Deborah – Applicants request \$27,321 for construction of a 40' x 80' tobacco barn in Calloway County. Regions Bank in Murray is the participating lender. **Ms. Walters moved to approve the request, Mr. Lawson seconded the motion. The motion passed without dissent.**

AF07-0039 Taylor, David and Karen – Applicants request \$100,000 for construction of two poultry breeder houses in Pulaski County. Farm Credit Services of Mid-America in Somerset is the participating lender. **Mr. Gaslin moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0040 Knott Brothers Farm, Inc. – Applicants request \$50,000 for construction of a 75,000 bushel grain bin, 120' 5,400 bph leg and drag conveyor in Daviess County. First Security Bank in Owensboro is the participating lender. **Mr. Jagers moved to approve the request, Ms. Walters seconded the motion. The motion passed without dissent.**

AF07-0041 Rineyville Feed and Supply, LLC – Mr. Flowers explained his business activities and plans. No action was taken, but Board consensus indicated that the project and the applying entity did not meet the guidelines of the AILP.

AF07-0042 Maryview Farms – Applicants request \$100,000 for construction of a grain facility in Bracken County. Citizens Deposit Bank in Vanceburg is the participating lender. **Ms. Walters moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0045 Walker, Christopher – Applicants request \$19,400 for construction of a tobacco barn in Calloway County. Heritage Bank in Murray is the participating lender. **Mr. Reams moved to approve the request, Mr. Proffitt seconded the motion. The motion passed without dissent. Mr. Lawson abstained from voting.**

AF07-0046 Clark, Jamison – Applicant requested \$30,000 for construction of a 48' grain bin in Graves County. First Kentucky Bank in Mayfield is the participating lender. **KAFC staff approved the loan on May 10, 2007.**

AF07-0047 Bivens Farms, LLC – Applicants request \$100,000 for construction of a grain handling facility in LaRue County. Magnolia Bank in Elizabethtown is the participating lender. **Mr. Reams moved to approve the request, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF07-0048 Birge, Roger and Brandi – Applicants request \$100,000 for construction of a 504' x 56' tobacco barn and a 40' x 60' migrant house in Monroe and Metcalfe Counties. South Central Bank of Monroe County is the participating lender. **Mr. Miles moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0049 Feezor, Marvin and Lisa – Applicants request \$100,000 for construction of four tobacco barns in Graves County. Regions Bank in Murray is the participating lender. **Ms. Walters moved to approve the request, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF07-0050 Jones, Dennis Lee, Sr. and Bonnie – Applicants request \$23,250 for construction of a 32' x 72' tobacco barn in Calloway County. Regions Bank in Murray is the participating lender. **Mr. Reams moved to approve the request, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF07-0051 Griffin, Otis L., Jr. – Applicant requested \$35,000 for installation of an evaporative cooling system and other upgrades in six existing poultry barns in McLean County. Independence Bank in Livermore is the participating lender. **KAFC staff approved the loan on May 4, 2007.**

AF07-0052 Dunn, Robert – Applicant requested \$10,000 for construction of a 30' x 50' farm shop in Scott County. Central Kentucky Agricultural Credit Association in Lexington is the participating lender. **KAFC staff approved the loan on May 3, 2007.**

AF07-0053 Welker, Bayne and Christina – Applicants requested \$17,719.02 for construction of an equine round pen to be used for a thoroughbred boarding and conditioning facility in Woodford County. Citizens Commerce National Bank in Versailles is the participating lender. **KAFC staff approved the loan on May 3, 2007.**

AF07-0054 Strange, Curtis and Vickie – Applicants request \$15,429 for renovation of a tobacco barn and addition of a shed in Woodford County. Citizens Commerce National

Bank in Versailles is the participating lender. **Mr. Miles moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes updated the Board on the following applications:

AF07-0014 Jean Farris Winery and Bistro – Application is pending action with the ADB.

Beginning Farmer Loan Program – Discussion and Action

Mr. Hughes presented the following application:

AF07-0043 Ryan Ross – Applicant requests \$100,000 for the purchase of a 20% stake in Triple R Farms, Inc. in Harrison County. Citizens Commerce National Bank in Versailles is the participating lender.

AF07-0044 David Michael Ross – Applicant requests \$100,000 for the purchase of a 20% stake in Triple R Farms, Inc. in Harrison County. Citizens Commerce National Bank in Versailles is the participating lender. **Mr. Miles moved to approve AF07-0043 and AF07-0044 contingent upon the final details being worked out and approved by the Executive Director and reported back to the Board at the June 1st meeting, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0055 Jepson, Joshua – Applicant requests \$50,000 for the purchase of Holstein dairy cows in Simpson County. Independence Bank in Bowling Green is the participating lender. **Mr. Miles moved to approve the request, Ms. Walters seconded the motion. The motion passed without dissent.**

Old Business

AF06-0009 Elkins Dairy – Loan approval has expired.

AF06-0021 Jarvis, Gary and Susan – Application was approved by staff last year. Applicant has requested the land to be released, the request was granted by staff.

AF06-0023 Herald, Darin and Jennifer – Loan approval has expired, but lender has requested a 90 day extension. **Mr. Penn moved to approve the extension, Mr. Miles seconded the motion. The motion passed without dissent.**

AF06-0031 Seay, James – Expires in June, Lender requests a 60 day extension. **Mr. Jagers moved to approve the extension, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF06-0067 Appling, Ricky, Jr. – Loan approval has expired as a result of Lender withdrawing from project.

Other Business

No other business.

Closing Remarks

The motion to adjourn was made by Mr. Gaslin, seconded by Mr. Proffitt.

The motion passed without dissent. The meeting adjourned at 11:33 am EDT.